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Personal Finance of Cultural and Social Capital: Portfolio Draft

Pierre Bourdieu's 1986 article "The Forms of Capital" lays out a detailed analysis of the ways in which economic ideas of capital and investment translate to social and cultural situations. In his article, Bourdieu concludes that social and cultural capital are linked in their very nature to economic capital, and that many of the same rules that govern Capitalism as an economic system also govern the flow of social and cultural capital from society to an individual (and, from one individual to another). Accordingly, many standard practices of personal finance can be applied to the management of social and cultural capital. Using Bourdieu's theories of investment of labor-time in social and cultural settings, an individual is capable of securing for themselves a successful start in society while maintaining a diversified, forward-thinking portfolio of social and cultural investments.

Bourdieu's analysis in "The Forms of Capital" finds that individuals have at their disposal numerous forms of capital separate from, and in addition to, economic capital. Two distinct forms of capital emerge alongside traditional economic capital in Bourdieu's theory:

> [C]ultural capital, which is convertible . . . into economic capital and may be institutionalized in the forms of educational qualifications; and . . . social capital, made up of social obligations ('connections'), which is convertible . . . into economic capital and may be institutionalized in the forms of a title of nobility. (Bourdieu 98)

Cultural capital includes the capacity to imbibe, retain, use, and transfer cultural and institutional knowledge on an individual basis, whereas social capital refers to the sense of self in society, connections people make with others, and the ideals they carry with them when forming into groups. These two non-traditional forms of capital carry many of the same rules and best practices from the capitalistic economy, namely the investment of time and labor, the accumulation of wealth, transferring of wealth in exchange for goods or services, the conversion of capital from one form to another, competition among consumers and manufacturers, supply and demand, free markets, business ethics, and capital gains from investments. These forms of capital are inherently linked to economic capital, and “the most material types of capital-those which are economic in the restricted sense-can present themselves in the immaterial form of cultural capital or social capital and vice versa.” (97) Essentially, social and cultural capital can be treated identically to economic capital in many ways, and can be earned through the conversion of economic capital and/or investment labor-time. “The Forms of Capital” goes so far as to offer some best-practice approaches to certain social and cultural settings, specifically the weighing of time and energy against expected future gains, speculation of the market in making financial decisions, and the importance of connections in investment planning. This parallel led me to consider the possibility of applying all forms of financial planning and economic guidance to the capital of society and culture.

In thinking about this problem, I found myself relating my personal situation as a student at the University of Georgia, as well as the financial management experience I have accumulated over the course of my life, to the concept of social and cultural investment. A college student such as myself must effectively manage all aspects of his academic, social, cultural, and financial needs, and most don’t have the luxury of relying upon a financial planner or life coach along the way. According to Bourdieu, “ability or talent is itself the product of an investment of time and cultural capital” (98) and, “[c]apital is accumulated labor." (96) In order to gain new talents, experiences, knowledge, or abilities, a person must invest time and/or labor into the process. Bourdieu’s “accumulated labor” is referencing time and energy, so one might say capital itself is the direct result of a time and energy investment. A diversified investment portfolio is needed to succeed in this way, or more to the point, a person must take from one form of capital (usually, economic capital) to pay for gains in another form. Capital, in the various forms, can flow from one such market to another to fulfill this need; however, the conversion itself also requires an investment of accumulated labor:

> Profits in one area are necessarily paid for by costs in another (so that a concept like wastage has no meaning in a general science of the economy of practices). The universal equivalent . . . is nothing other than labor-time (in the widest sense); and the conservation of social energy through all its conversions is verified if . . . one takes into account both the labor-time accumulated in the form

> of capital and the labor-time needed to transform it from one type into another. (106)

In terms of social capital, college students have almost limitless opportunities for investment of their accumulated labor. It is clear that Bourdieu recognizes the importance of social affluence as well, stating that it "provides each of its members with the backing of the collectivity-owned capital, a 'credential' which entitles them to credit, in the various senses of the word"(103). Individuals spend this social 'credit' throughout their lives, from the first semester of school to their retirement from the workforce and beyond. It stands to reason that social capital, and the accumulation of it at an early age, is paramount to a successful existence (not merely a successful career). He explains in very direct terms that this "network of relationships is the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term." (103) When choosing avenues for the investment of their accumulated labor, college students are certainly free to choose social investments as the sole market for their accumulated labor, foregoing the accumulation of cultural capital and traditional economic capital in the process. However, this strategy will result in a one-dimensional portfolio, focusing only on one very high-risk investment. A heavy investment in social capital requires that the student's funds are taken from other investments such as academic advancement, cultural gains, and furthering their economic position. Finally, the return on the student's social investments will come much later than those from traditional economic investments (107). The student runs the risk of poor academic performance, finding himself unable to sustain his budget due to a lack of available accumulated labor-time. While this single-prong approach to college finances may result in a fun and exciting few years of university, it is not a viable long-term strategy for success, and the delayed return on social investments means a more balanced portfolio is required for overall success.

Cultural capital is earned by an individual in a number of ways, starting at a young age within the home and continuing throughout a person's life. It is a multi-faceted marketplace, with many opportunities for investment:

> Cultural capital can exist in three forms: in the *embodied state*, i.e., in the form of long-lasting dispositions of the mind and body; in the *objectified state*, in the form

> of cultural goods (pictures, books, dictionaries, instruments, machines, etc.) . . . and in the *institutionalized state*, a form of objectification which must be set apart because, as will be seen in the case of educational qualifications, it confers entirely original properties on the cultural capital which it is presumed to guarantee. (98)

Accordingly, an individual's cultural capital includes her academic qualifications, and earning this should be at the forefront of a college student's list of priorities. After all, the accumulation of knowledge should be the crux of a student's desire to attend university, as this knowledge is directly related to obtaining critical qualifications which, "cannot be transmitted instantaneously (unlike money, property rights, or even titles of nobility) by gift or bequest, purchase or exchange" (99). Academic learning "depends on the cultural capital previously invested by the family. Moreover, the economic and social yield of the educational qualification depends on the social capital, again inherited, which can be used to back it up" (99). One aspect of this relationship is the student's ability to delay the accumulation of economic capital in lieu of more cultural pursuits, an ability that depends on the family's supporting the student financially. The same sentiment holds true for virtually every college student: tuition acts as a form of investment, and the return on this monetary investment is the degree provided by the university (and, to a lesser extent, the knowledge obtained while attending). If a student is unable to pay her tuition, she must then choose either to delay her cultural investments, or to forego social investments in lieu of finding a job or some other way to pay for her schooling through economic means. Doing so may limit the total amount of cultural capital (and associated academic credentials) the student is able to accumulate over the course of her education, and further limit the conversion of her cultural capital to economic capital in the workforce. Indeed, having specialized skills and education means being more in demand, as "any given cultural competence (e.g., being able to read in a world of illiterates) derives a scarcity value from its position in the distribution of cultural capital and yields profits of distinction for its owner" (100). Once again, having such a narrow focus and ignoring other forms of capital may place the student at a detriment in the future, and "the investments made (in time and effort) may turn out to be less profitable than was anticipated when they were made." (102)

What can a student do, then, to ensure a successful start to her various capital investments? Ultimately, it demands an element of balance in your investment portfolio, including enough startup capital (both economic in the form of money, and social/cultural in the form of time) to sustain a living while your investments mature. Bourdieu makes it clear when he says “the transformation of economic capital into cultural capital presupposes an expenditure of time that is made possible by possession of economic capital” (106). That is to say, it takes money to make money. Investments in cultural and social capital also have a much longer timeframe for a return of capital gains, and will usually require an initial investment in economic capital to succeed. Once acquired, social and cultural capital can be converted to economic capital through various means, including social investments which may provide business connections, appreciation and collection of culture, study of foreign languages, and academic credentials that provide a person with distinction among her peers. Still, to expect a return on these investments the earner must have the ability to manage all forms of capital, and to maintain a balance in the flow of accumulated labor-time towards each investment strategy.

Works Cited

Bourdieu, Pierre. “The Forms of Capital.” *The Sociology of Economic Life.* Eds. Mark Granovetter and Richard Swedberg. 2nd ed. Cambridge, MA. Westview, 2001. *Emma*. Web. 6 Nov. 2015.